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great service in bringing to light a mass of suffering and a number of social evils, as to which the nation as a whole was ill informed or indifferent. It will now be substantially easier than in 1911, both on account of the new knowledge available and of the state of public opinion, to make adequate provision to advance the health of the community" (Cd. 7687, p. 78). A recent report of the Ministry of Reconstruction makes the same statement.

Another type of positive assertion is that on page 25: "Health insurance in Switzerland, except in one or two cantons, is voluntary. Since the Swiss system did not take effect until well in 1914, when normal operations were promptly disturbed by the war, there is as yet no evidence accumulated to show that it is successful or otherwise." The official reports of the Swiss system for 1914 and 1915 have been available in Washington for the last two years and others came in later. For the benefit of future editions of this pamphlet, it may be stated that the office in charge of the system, was created by the decree of December 12, 1912, operations of the office began on February 1, 1913, and the system began to operate on January 1, 1914. At present, six cantons have adopted compulsory systems. The success of any voluntary system can, in part, be estimated by the number of persons who, of their own accord, apply for admission to it; in 1914 the number of persons insured was 361,621; each year following showed an increase and at the end of 1917 the number was 530,329. The amount of federal subsidy granted increased correspondingly each year and for 1917 was 2,452,332.40 francs.

The tone of the pamphlet is extreme throughout; the statements of the persons named above are referred to as "malicious untruth," "rhetorical assertion," "pure demagogism," etc. A careful reading of the pamphlet is all that is necessary to convince one that there is a larger measure of truth in the statements so violently denounced than in this refutation.

HENRY J. HARRIS.

Effects of the War upon Insurance, with Special Reference to the Substitution of Insurance for Pensions. By WILLIAM F. GEPHART. Carnegie Endowment for International Peace. Preliminary Economic Studies of the War, No. 6. (New York: Oxford University Press. 1918. Pp. vi, 302. \$1.00.) The volume may best be described as a compendium of infor-

mation on insurance presented in a thorough, scientific manner, with a careful analysis of the preliminary effects of the war.

The topics covered include the following forms of insurance: life, marine, fire, and social insurance, and pensions. At the time of writing (December, 1917) it was, of course, too early to discuss anything but the first effects of the war on these branches of insurance, but Professor Gephart has nevertheless succeeded in bringing together in compact form a wide range of information and has presented it in an interesting manner. The addition of a certain amount of foreign data has enabled him to draw some conclusions as to the effect of the war abroad as well as at home.

The general plan of the work is to give a statement of the information available on each branch of insurance and then to give the details for each country. Particular stress is laid on reproducing the text of laws, executive decrees, official statements, and especially the text of the policies used. Following these documents is usually given a brief analysis of their important features. At the close of each chapter the author summarizes the effects of the war on the branch of insurance treated.

The longest chapter, about 100 pages, is that devoted to life insurance, and this naturally forms the most important part of the discussion. The effect of the war on the finances of the companies is discussed under the captions of premium income, depreciation of securities, and increased taxation. The most serious of these is the depreciation of the bonds and other securities in which the reserves are placed; for some groups of conservative investments used by British companies, the depreciation has been as much as 25 per cent. The American companies have also felt keenly the changes in bond values; thus railroad bonds, a favorite type of investment, which yielded 4.10 per cent in 1903, declined so much in value as to show a yield of 4.91 per cent in 1917, while industrial bonds in this period increased in value so that the yield fell from 5.69 per cent to 5.25 per cent. Participation in liberty loan subscriptions has also meant a lower yield than the average secured by the companies. In general, the war has affected the finances of the life companies in a distinctly unfavorable manner and these influences will continue for a long time.

Prior to 1914 the history of life insurance in this country was marked by a progressive liberalization of the terms of the policy, caused principally by the competition between the companies. One feature of this movement was the conviction of the managers

of the companies that restrictions on military service were unnecessary. Of course, the action of the companies was by no means uniform, but at the beginning of 1914, companies having about 77 per cent of the insurance in force issued policies with no restrictions as to military or naval service, while companies with about 22 per cent had some kind of limitation in their policies. Beginning with the outbreak of the war, practically all the companies inserted in their policies some sort of war clause, calling for extra premiums in case of such service. No uniform rate was adopted, but typical rates used by certain prominent companies ranged from 50 to 100 dollars extra per 1,000 annually. In Great Britain, one of the largest companies charged from 8 to 15 per cent for the war risk; in Canada contracts were placed with four United States companies for large groups of enlisted men at an increase of 25 dollars per 1,000 above the usual rates.

Serious losses are expected from the mortality due to war, but at the time of writing no reliable estimates could be made of the loss from this cause.

Marine insurance was affected more directly and extensively than any other branch of insurance. However, as the governments of the leading countries all coöperated with the marine companies in caring for the war risk, the net result has been that the companies have been able to operate with even better profits than in normal times.

Fire insurance had to face a variety of new hazards; airplane raids, new industrial hazards, arising from the munitions industries, the moral hazards due to the presence of disaffected elements in the population are instances of new risks which could hardly be estimated on a scientific basis. Besides these factors, the increased costs of operation, the depreciation of securities, and the difficulty of raising rates supervised by state officials, added to the problems to be solved.

HENRY J. HARRIS.

NEW BOOKS

BASYE, W. *History and operation of fraternal insurance.* (Rochester, N. Y.: Fraternal Monitor. 1919. Pp. 224. \$1.60.)

BURNET, P. *The probable trend of life insurance production in the immediate future.* (Chicago: Assoc. of Life Agency Officers. 1919. Pp. 8.)